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INCOMING TELEGRAM Department of State

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TO: Secretary of State

NO: 243, September 3

In his first speech as President, Colonel Castillo Armas, yesterday assured cheering crowd before National Palace he would soon call for elections constituent assembly and outlined his immediate program as being fighting Communism without quarter, reducing unemployment through public works and expanded private investment, initiating realistic agrarian reform, promoting welfare of armed forces, and supporting organization of nonpolitical labor movement.

Beginning with review of decision of Colonel Monzon and Major Oliva to resign from Junta, Castillo praised them for their patriotism and said that in accepting sole leadership of government he was not guided by any personal interest but welfare of country. As proof of this disinterestedness he would "soon call for constituent assembly through means of which citizens could express their sovereign will."

Castillo said first problem confronting his government is continuation of fight against Communism without quarter while second problem was unemployment which could only be solved by creation of work and laws giving security to investments. He announced work on unfinished gap of inter-American Highway near Mexican frontier and low cost housing construction program would begin before end of September, and repair of secondary roads would start immediately. He gave full guarantees for return of Guatemalan capital which had fled under Arbenz regime and for foreign capital, indicating new petroleum law would be forthcoming soon.

A study for realistic agrarian reform, he went on, was about to be completed and would provide for partition of lands of national farms not necessary for farms economic unity, sale for unproductive farms to private individuals, and expropriation of land from large unproductive estates for its sale on easy terms to farm workers. "I am firmly convinced," he said, "that small farmers form a wall against advance of Communism." He also described proposed improvements in educational system, dwelling on rural education.

Castillo then devoted an extensive passage to armed forces, saying

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2-243, September 3 from Guatemala City

Saying his government proposed to improve military career in every way. Military Academy would continue to function but with better means for selection of cadets. Housing, material benefits, medical aid, and technical training would be improved and reserve system would be organized this month.

Turning to labor he said laws government had issued made clear labor unions could not in future be means of political activity or field for Communist infiltration but his government guaranteed free union organization for purpose of attending to interests of working class. "Unions which organize in future under these conditions will enjoy unrestricted support of my government," he said.

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